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MEETING  
STATE OF CALIFORNIA  
STATE LANDS COMMISSION

ROOM 6031  
STATE CAPITOL  
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, JUNE 26, 1980  
10:00 A.M.

GATHLEEN SLOCUM, C.S.R.  
License No. 2822

PETERS SHORTHAND REPORTING CORPORATION

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MEMBERS

- 1
- 2 Mr. Kenneth Cory, State Controller, Chairperson
- 3 Mr. Roy M. Bell, representing the Director of Finance
- 4 Mr. David G. Ackerman, representing the Lieutenant Governor
- 5

STAFF

- 6
- 7 Mr. William F. Northrop, Executive Officer
- 8 Mr. Robert C. Hight
- 9 Mr. James F. Trout
- 10 Mr. Donald J. Everitts
- 11 Mr. Wilbur M. Thompson
- 12 Ms. Diane Jones, Secretary
- 13

ALSO PRESENT

- 14
- 15 Mr. Jan S. Stevens, Attorney General's Office
- 16 Assemblyman J. Robert Hayes
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Litigation Items

Mr. Jan Stevens

Comments by Assemblyman Hayes

Adjournment

Certificate of Reporter

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P R O C E E D I N G S

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CHAIRPERSON CORY: Okay. We'll call the meeting to order, please.

We have confirmation of any corrections or additions to the minutes?

Oh, we need some microphones on I think.

(Thereupon a discussion was held off the record.)

CHAIRPERSON CORY: Are there any corrections or additions to the minutes? Hearing none, they'll be approved as presented.

The Executive Officer has a report.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman and members, the Corps of Engineers is in the process of reclaiming Webb Tract, an island in the Delta which was flooded due to levee breaks during last winter's storms. Pump-out facilities will require that PG&E provide emergency electrical service to the island. The reclamation work is scheduled for completion within 12 months, of course, depending upon weather conditions. Work is to start on July 1st, 1980.

In response to the proposal for storm damage corrective work, the staff issued an emergency permit to PG&E for installation of a submerged power cable under

1 the San Joaquin River between Twitchell Island and Webb  
2 Track.

3 CHAIRPERSON COBY: Do we have a through-put  
4 agreement on that?

5 EXECUTIVE OFFICER NORTHROP: We're going to get  
6 that.

7 The temporary emergency permit will expire at the  
8 end of the year, end of 1981, which should allow for  
9 completion of the reclamation work and removal of the  
10 submerged power cable. Issue of emergency permits for  
11 levee repair was approved by the Commission at its February  
12 1980 meeting.

13 The next subject is the Windfall Profit Tax.  
14 The Commission, the Attorney General's staff, Alan Hager,  
15 along with Washington counsel John Lamont and the Long  
16 Beach City Controller met with the Deputy Undersecretary.  
17 We indicated to the Deputy Undersecretary our interpretation  
18 of the interim withholding tax regulations and the problems  
19 that have arisen as to the definition of "economic interests"  
20 and the difference in the application of I.R.S. regulations  
21 for depletion versus Windfall Profit Tax calculation. Written  
22 comments had been submitted earlier for hearings on July  
23 16 and 17 at which time revision of these interim regulations  
24 are to be considered. The Secretary recommended that we  
25 make a presentation at that hearing and submit additional

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1 comments outlining the differences as we've seen them;  
2 and, in fact, "economic interest", the same definition did  
3 not have to be necessarily used because there were ample  
4 instances where words meant different things to different  
5 people.

6           Currently, approximately \$13 million in Windfall  
7 Profits Tax paid by the various tideland contractors have  
8 been withheld from state revenue for the months of March,  
9 April and May. Application for refund of these withholding  
10 tax monies from the Treasury is now under consideration.

11           MR. ACKERMAN: Do we get interest on that?

12           EXECUTIVE OFFICER NORTHROP: No.

13           MR. BELL: Any chance of ever getting anything  
14 back once the Federal Government gets its hands on it?

15           EXECUTIVE OFFICER NORTHROP: The chances are --

16           MR. BELL: We've got to get it turned off before  
17 we lose it all; isn't that it?

18           EXECUTIVE OFFICER NORTHROP: But the turnoff,  
19 getting it turned off, is up to the companies. The problem  
20 with turning it off is that there may be penalties involved.  
21 The companies are paying it to the Federal Government saying:  
22 Look, we may be penalized. This is the way we read it. Now,  
23 all the contractors don't read it this way. Powerline Oil  
24 Company reads it as I do: there is no tax, so they're not  
25 sending anything to the Federal Government. Chevron reads

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1 it: whatever their interest is is taxable. The only thing  
2 they're paying is, for example, if their interest is five  
3 percent of the net profit, they're only paying five percent.

4 The balance of the contractors, Texaco, Exxon,  
5 Union, Mobil and Shell are saying: Well, we have to pay  
6 taxes on that early carry interest and by paying taxes  
7 on the 30-day carried interest, they translate that back  
8 to barrels and are paying it on that as well. Which means,  
9 well, our annual operating is about a hundred million for  
10 this discussion. That means we will be paying 70 percent,  
11 30 to 70 percent windfall on the entire operating cost  
12 which was not intended to be that way. So that's the problem.

13 CHAIRPERSON CORY: On this issue I was in  
14 Washington, I guess, Thursday of last week and talked to  
15 some of the lawyers. One of the things that my instincts  
16 sort of tell me we may have to end up doing is trying to  
17 get some tax lawyering in an area that we normally don't  
18 deal with because our Franchise Tax Board, we don't deal  
19 with this kind of a thing and we may need some special help.  
20 If we get in a jam, I told them to start thinking about that.  
21 When you get into Federal tax law for depletion allowance  
22 and windfall profits and interpretation as they do in  
23 Washington, the guys are pretty good at handling Department  
24 of Energy problems. I'm not so sure that they're tax  
25 experts and we may need to get them a subcontractor, but

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1 at that point they didn't think so. I just said: Look,  
2 there's too much money to end up blowing it because  
3 we don't have the right soldiers on the field because my  
4 instincts tell me every month this goes by, we're probably  
5 going to never see that money.

6 MR. BELL: That's what I was saying. Once gone,  
7 it would be pretty hard to get back.

8 CHAIRPERSON CORY: So if we don't get off dead  
9 center shortly, we may try to get another soldier back  
10 there on a short-term contract to deal with the tax  
11 questions, people that are used to dealing with I. R. S.  
12 at top levels.

13 MR. BELL: Do you think it would be appropriate  
14 for the Board in advance of the next meeting to give the  
15 Executive Officer power to get some kind of contract for a  
16 tax lawyer or at least get one lined up?

17 CHAIRPERSON CORY: It might be worthwhile to grant  
18 that authorization, say, not to exceed ten thousand in case  
19 they're in a jam. We can go ahead if that's --

20 MR. BELL: Yes, I think that would be wise.

21 CHAIRPERSON CORY: Just because it's in the  
22 area that we're normally not dealing with.

23 MR. BELL: Yes.

24 EXECUTIVE OFFICER NORTHROP: It was clear at the  
25 meeting, Mr. Chairman, that, as you know, you and I and others

1 have spent many hours before Department of Energy and  
2 Department of Interior and it's clearly a different  
3 arena we're in there.

4 MR. BELL: Dealing with I.R.S., let's face it.

5 CHAIRPERSON CORY: So without objection, that  
6 authorization is hereby granted if needed and you should  
7 report back to us. That will just tide you over. If you  
8 have a proposal, it should be on the next calendar.

9 EXECUTIVE OFFICER NORTHROP: Yes.

10 CHAIRPERSON CORY: Okay. You have another --

11 EXECUTIVE OFFICER NORTHROP: Yes. We have "crude  
12 oil sell-off". In accordance with your authorization of  
13 January 24 the staff called for and received bids on the  
14 uncontrolled portion of royalty oil produced under certain  
15 State leases in Ellwood and Carpinteria areas in Santa  
16 Barbara County and the Huntington Beach area in Orange  
17 County. The bids were based on the highest per barrel  
18 bonus over the highest posted price for uncontrolled oil  
19 in the respective fields. La Jet, Incorporated, submitted  
20 on May 27th the only bid for approximately 2300 barrels  
21 in the south Ellwood field in the amount of 36.7 cents  
22 per barrel.

23 CHAIRPERSON CORY: Who is La Jet?

24 EXECUTIVE OFFICER NORTHROP: La Jet is an operator,  
25 as I recall -- I'm not certain -- I believe he's in Signal

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1 Hill doing some work. It could be Valley, but the names  
2 have changed there recently.

3 Two bids were received for approximately 100 barrels  
4 in the Summerland/Carpinteria fields, with the highest  
5 bid from U.S.A. Petrochem in the amount of 86 cents per  
6 barrel.

7 On June 17 two bids were also received for the  
8 100 barrels per day of Huntington Beach oil with U.S.A.  
9 Petrochem submitting the high bid of 32 cents per barrel.  
10 These bids are currently being reviewed by staff and will  
11 be presented for your consideration at the July meeting.

12 This last you'll be interested, extremely  
13 interested. In addition, on June 23rd, we called for bids  
14 on approximately 250 barrels from Tract Two of the Long  
15 Beach Unit and no bids were submitted. It appears from the  
16 rather limited response we are receiving on the sell-offs  
17 that the demand for crude is decreasing. I think really  
18 the glut of heavy crude is increasing as we predicted  
19 for some time it was going to.

20 CHAIRPERSON CORY: The glut of heavy crude or the  
21 glut of crude?

22 EXECUTIVE OFFICER NORTHROP: The glut of heavy  
23 crude. There's a great crude glut, but the heavy crude  
24 is the first to suffer.

25 CHAIRPERSON CORY: Is that a movie?

1 Any questions from the Commissioners?

2 Staff report on State Coastal Commission:

3 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I  
4 don't believe there is one.

5 CHAIRPERSON CORY: Okay. I think it's the  
6 appropriate time for Mr. Bell to have the floor.

7 MR. BELL: No, I think it is the appropriate  
8 time for an award ceremony.

9 CHAIRPERSON CORY: Well, there is an award to be  
10 made, but I thought we'd take care of the more serious  
11 discussions, but we'll take care of this end of it now.

12 As many of you are well aware, our Executive  
13 Officer has what most psychiatrists would call a fetish.  
14 He has several of them. One of which deals with eagles.  
15 The other of which deals with just a general fascist  
16 personality --

17 (Laughter.)

18 CHAIRPERSON CORY: -- and a great simpatico with  
19 the military and particularly a certain element of the  
20 military, at least from my view. So I thought it might  
21 be appropriate to acknowledge that and award him for his  
22 good service.

23 We have some eagles --

24 EXECUTIVE OFFICER NORTHROP: Those are nice.

25 CHAIRPERSON CORY: -- for presentation to our

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1 Executive Officer. I think it is inappropriate for him to  
2 wear anything from the Third Reich, but the United States  
3 Government does have a few bird colonels around on occasion.  
4 So we have a couple of birds here for you.

5 (Laughter.)

6 CHAIRPERSON CORY: We expect to see these on your  
7 lapels at all times when you're carrying on official  
8 duties. Otherwise, the power and the mystique of the  
9 Executive Officer will not be transferred to any orders  
10 and commands that you issue, Mr. Northrop.

11 (Laughter.)

12 CHAIRPERSON CORY: If you screw up, let me tell  
13 you, we're going to rip them off.

14 (Laughter.)

15 EXECUTIVE OFFICER NORTHROP: Those are very nice,  
16 as a matter of fact. You may think it's funny, but I  
17 think they're very nice. Thank you.

18 MR. BELL: The psychiatrist said that's what  
19 you'd say.

20 (Laughter.)

21 CHAIRPERSON CORY: Mr. Bell, you have nothing  
22 to say about --

23 (Thereupon a discussion was held off the  
24 record.)

25 EXECUTIVE OFFICER NORTHROP: Let's move along.

1 CHAIRPERSON CORY: The next items on the agenda  
2 are the Consent Calendar. These items are designated by  
3 the prefix C, C1 through 18. These will be taken up and  
4 approved as a group and we will approve the staff  
5 recommendation.

6 If there is anybody in the audience that has  
7 any problems with any of those items --

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,  
9 you have in front of you a telegram on Item No. C5  
10 from the North Marin Water District and it reads:

11 "North Marin County Water District's  
12 application for construction and main-  
13 tenance of an eight-inch pipe on  
14 Lagunitas Creek Bridge, we respectfully  
15 request that you waive the \$475 permit  
16 fee which we have already paid. The  
17 project is merely replacing a" --

18 CHAIRPERSON CORY: Deteriorated.

19 EXECUTIVE OFFICER NORTHROP: Is that what that  
20 is?

21 -- "deteriorated pipeline which has  
22 been hanging on the bridge for forty  
23 years. The pipe is part of a small  
24 rural water system and the project  
25 has qualified for ... grant/loan ...

1           because of financial need and small  
2           income of the area."

3       So they're asking that the 475 permit fee be waived.

4           CHAIRPERSON CORY: Is there anybody from the  
5       North Marin County Water District in the audience?

6           What's the wish of the Commissioners?

7           MR. BELL: Well, I have no objection to the  
8       waiver. I don't know. How do you feel?

9           MR. ACKERMAN: Is there a recommendation from the  
10       staff?

11          CHAIRPERSON CORY: If we waive this, how do we  
12       not waive every other public agency?

13          EXECUTIVE OFFICER NORTHROP: The staff would  
14       recommend the 475 be collected because the 475 reflects  
15       at least our costs. The costs of preparing and putting  
16       the item before the Commission and so I believe the costs  
17       are justified. We have done a study and found out that  
18       maybe 475 doesn't cover our costs totally.

19          CHAIRPERSON CORY: Doesn't?

20          EXECUTIVE OFFICER NORTHROP: No.

21          CHAIRPERSON CORY: I'd be embarrassed to admit  
22       that.

23          EXECUTIVE OFFICER NORTHROP: We have a very  
24       heavy overhead load.

25          MR. ACKERMAN: In that case, I don't think it's

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1 appropriate.

2 CHAIRPERSON CORY: I just think we have a problem  
3 if we do it here.

4 MR. BELL: Since there is no one also in the  
5 audience to appear to object to the item, let's leave it  
6 on the Consent Calendar.

7 CHAIRPERSON CORY: Is there anyone in the audience  
8 on any of the other items that disagree with the staff  
9 recommendation on Items C1 through 18? Without objection,  
10 the Consent Calendar will be approved as presented.

11 Item 19 is approval of seven 40-year General  
12 Leases in the Tahoe area for marinas. As I understand  
13 it : this is a result of some rather lengthy negotiations  
14 with the marina owners up there, putting them together  
15 where they have a lease that they can live with and bringing  
16 some people under lease and everybody worked very hard  
17 on this. Is there anyone in the audience on these items?  
18 Any questions from Commissioners?

19 MR. BELL: None.

20 MR. ACKERMAN: None.

21 CHAIRPERSON CORY: Without objection, Item 19  
22 will be approved as presented.

23 Item 20, a 20-year commercial use at Tahoe City  
24 for John and Barbara Kearns. Is there anybody in the audie  
25 on this item? Any questions from Commissioners?

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1 Without objection, Item 20 will be approved  
2 as presented.

3 Item 21 --

4 MR. BELL: You can take 21 and 22 and 23 together.

5 CHAIRPERSON CORY: Twenty-one, 22, and 23  
6 together. This is a, as in all shell games, is a three shell  
7 item to move the Malibu Pier from the Malibu Pier Corporation  
8 to the State of California and then back out to a sublessor  
9 which leaves General Services holding the bag rather than  
10 us. Is that the effect of this transaction?

11 EXECUTIVE OFFICER NORTHROP: That's the way it  
12 works.

13 CHAIRPERSON CORY: Is there anybody in the audience  
14 on any of these items, 21, 22 or 23? Any questions from  
15 Commissioners?

16 MR. ACKERMAN: None.

17 CHAIRPERSON CORY: Without objection, Item 21,  
18 22 and 23 will be approved as presented.

19 Item 24, this is a lease of Mr. Walter M. Harvey  
20 on J Street.

21 EXECUTIVE OFFICER NORTHROP: On the J Street  
22 location.

23 MR. BELL: This is not the O Street location.

24 EXECUTIVE OFFICER NORTHROP: This is the J Street.

25 CHAIRPERSON CORY: And this is an item where there

1 is nonpayment, and this has not been corrected?

2 EXECUTIVE OFFICER NORTHROP: That's correct,  
3 Mr. Chairman.

4 CHAIRPERSON CORY: And so we propose terminating  
5 the lease for nonpayment.

6 EXECUTIVE OFFICER NORTHROP: Nonpayment, correct.

7 CHAIRPERSON CORY: Any questions from Commissioners?

8 MR. ACKERMAN: No.

9 I'd originally asked this be held over from the  
10 last meeting and we did have a meeting with some of the  
11 participants involved, laid it out very clearly to them that  
12 payment should have been received by last Thursday and no  
13 payment was forthcoming. So I would respectfully move the item.

14 CHAIRPERSON CORY: Without objection, Item 24,  
15 the staff request is approved as presented.

16 There's nobody in the audience on 24? Okay.

17 Item 25, Kings River Conservation District,  
18 rescission of a permit.

19 EXECUTIVE OFFICER NORTHROP: Forty-nine year  
20 and issuance of a 66-year.

21 MR. BELL: This matches their Federal --

22 CHAIRPERSON CORY: This conforms to their  
23 financing --

24 EXECUTIVE OFFICER NORTHROP: Federal.

25 CHAIRPERSON CORY: -- program?

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1  
2 Anybody in the audience on Item 25? Questions  
3 from Commissioners?

4 MR. BELL: No.

5 MR. ACKERMAN: No.

6 CHAIRPERSON CORY: Without objection, item will  
7 be approved as presented.

8 Item 26, John Chase needs an access corridor which  
9 he'll pay fourteen hundred and fifty-two dollars on a land-  
10 locked parcel that was transferred prior to that being  
11 inappropriate. Is there anybody in the audience --

12 MR. BELL: I think we should take it quickly.

13 CHAIRPERSON CORY: Without objection, Item 26  
14 will be approved as presented.

15 Item 27, approval of sale of a perpetual road  
16 easement for \$1400, U.S.D.A. Forest Service. Anybody in  
17 the audience on this item? Questions from Commissioners?

18 Without objection, Item 27 will be approved as  
19 presented.

20 Item 28, approval for finding that Santa Cruz  
21 Port District has substantially complied with the terms  
22 of its grant.

23 Anybody in the audience on this item? Questions  
24 from Commissioners?

25 MR. BELL: None.

CHAIRPERSON CORY: Without objection, Item 28

1 will be approved.

2 Item 29, U.S. Borax and Chemical Corporation --  
3 Ronnie rides.

4 (Laughter.)

5 CHAIRPERSON CORY: That's the least we can do  
6 for him.

7 (Laughter.)

8 MR. ACKERMAN: No comment.

9 MR. BELL: I have no comments.

10 CHAIRPERSON CORY: Approval of a two-year  
11 prospecting permit -- and you don't think he's going to last  
12 four, huh?

13 (Laughter.)

14 MR. ACKERMAN: Twenty mule team.

15 CHAIRPERSON CORY: Is there anybody in the audience  
16 on this item?

17 Without objection, the two-year prospecting permit  
18 as requested will be approved.

19 Item 30 is off calendar.

20 EXECUTIVE OFFICER NORTHROP: That's correct.

21 CHAIRPERSON CORY: Item 31, approval of award  
22 of geothermal resources lease to SMUD who is the high bidder.  
23 Is there anybody in the audience on this item? Any questions  
24 from Commissioners? Anything the staff needs to add?

25 EXECUTIVE OFFICER NORTHROP: No, sir.

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1 CHAIRPERSON CORY: Without objection, Item 31  
2 is approved as presented.

3 Item 32 is --

4 EXECUTIVE OFFICER NORTHROP: Is off calendar,  
5 Mr. Chairman.

6 CHAIRPERSON CORY: -- off calendar. The Accounting  
7 Department wants to check because this is an additional  
8 lease and they want to double-check if there are two leases,  
9 not just one, in terms of the financial capability of the  
10 company before we give final approval.

11 EXECUTIVE OFFICER NORTHROP: That was the main  
12 thing our Accounting Department wanted to take a look at  
13 it.

14 MR. BELL: You told me yesterday it was a good, solid deal.

15 EXECUTIVE OFFICER NORTHROP: A solid deal, but  
16 we looked at them once before and now the head of our  
17 Accounting said that maybe with the second one --

18 MR. BELL: Maybe with the second one --

19 EXECUTIVE OFFICER NORTHROP: We can't handle it,  
20 so we'll take a second look.

21 CHAIRPERSON CORY: Item 33, anybody in the audience  
22 on Item 33 which is approval/acceptance of Lease Quitclaim  
23 Deed and termination of five-year Mineral Extraction Lease  
24 in Contra Costa and Sacramento County submerged lands.  
25 Anybody have any questions? Without --

1 MR. BELL: None.

2 CHAIRPERSON CORY: -- objection, Item 33 is  
3 approved as presented.

4 Item 34, this is approval of disposal of clean  
5 drill cuttings and oil-free mud from the existing Platform  
6 Emmy in offshore Huntington Beach for Aminoil.

7 Is there anybody in the audience on Item 34?  
8 Any questions from Commissioners?

9 MR. ACKERMAN: I have a question. In case  
10 of liability here, -- I think I asked this yesterday --  
11 but in case of liability, in monitoring whether or not the  
12 cuttings are clean, who has the ultimate liability if  
13 Aminoil doesn't dump clean cuttings? Who determines the  
14 cleanness; and if there is a problem, who's problem is it?  
15 Is it Aminoil's? Is it ours?

16 MR. STEVENS: I'm inclined to think it would be  
17 Aminoil's because in effect they would be operating under  
18 a permit from the State and the provisions for immunity  
19 from liability in the Liability Act should apply. For acts  
20 done under permit, the State would not be liable.

21 CHAIRPERSON CORY: Is there a representative  
22 from Aminoil?

23 MR. SHELDON: Yes, Mr. Chairman.

24 I'm Spencer Sheldon with Aminoil, U.S.A.

25 The answer to that question is that Aminoil, the

1 Applicant, is responsible. It has to operate under the  
2 conditions of its N.P.D.E.S. permit with the Regional  
3 Water Quality Control Board, part of the State Water Board.

4 MR. ACKERMAN: They've already passed on this.

5 MR. SHELDON: That permit was obtained last  
6 September. We've been going through the CEQA clearance  
7 process here with the State Lands Commission in order to  
8 use that permit which was subsequent to AB 678 which was  
9 passed in 1979.

10 MR. ACKERMAN: Is monitoring done then by the  
11 Regional Water Quality Control Board?

12 MR. SHELDON: No. We have a regular monitoring  
13 program and conditions of that permit. They audit that  
14 monitoring program and have the ability and the right  
15 to come out and provide their own independent testing  
16 at any time they feel it necessary.

17 CHAIRPERSON CORY: Any further questions?

18 MR. ACKERMAN: None.

19 CHAIRPERSON CORY: Okay. Without objection,  
20 then, Item 34 will be approved as presented.

21 MR. ACKERMAN: Thank you, Mr. Chairman.

22 CHAIRPERSON CORY: Item 35, City of Long Beach  
23 requests prior approval for subsidence expenditure for  
24 Van Kamp Street extension.

25 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,

1 I appreciate the eagles very much, but I think I'd like to  
2 have Mr. Thompson and Ms. Jones point out the problem.

3 CHAIRPERSON CORY: You aren't wearing one of those  
4 things. I can't recognize you. You're out of uniform.

5 (Laughter.)

6 EXECUTIVE OFFICER NORTHROP: Mr. Thompson, would  
7 you come forward.

8 MR. THOMPSON: Mr. Cory, I don't know whether  
9 you realize it or not, but the lowest rank we have in the  
10 State Lands Commission's staff --

11 CHAIRPERSON CORY: Diane?

12 MS. JONES: I have a pointer.

13 CHAIRPERSON CORY: That is liberation. Go ahead.  
14 You have your own pointer. Wonderful.

15 Moving right along.

16 MR. THOMPSON: Well, prior to today the lowest  
17 rank we had in the State Lands Commission staff, of course,  
18 you know was a one star general.

19 (Laughter.)

20 EXECUTIVE OFFICER NORTHROP: I realize that.

21 MR. THOMPSON: This is a project here in which  
22 the City of Long Beach, the Harbor Department, wants to  
23 extend Van Kamp Avenue. They have to go over a railroad  
24 track.

25 The one on the left shows actually the profile.

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1 You see Van Kamp Street there is actually going over the  
2 top. That's the actual elevation they have to go up to.  
3 They have to get an extra, I think, 15-plus feet to get  
4 clearance under those tracks.

5 There was contention here between our staff and  
6 the City as to whether this really was a fill project  
7 or not because, in effect, instead of filling in a whole pier,  
8 this was more or less putting in a dike or something like  
9 that. We have compromised and we're proposing to accept  
10 this negotiated settlement with them.

11 CHAIRPERSON CORY: This cost is how much?

12 MR. THOMPSON: Five hundred and sixty-two thousand  
13 plus dollars max.

14 EXECUTIVE OFFICER NORTHROP: Four hundred and fifty-  
15 six.

16 MR. THOMPSON: Started out as seven hundred and  
17 some thousand dollars.

18 MR. BELL: I think you should explain any future  
19 conditions on this that in effect we'd have sort of a hold  
20 harmless on this in case --

21 MR. THOMPSON: This is part of the contention.  
22 For example, this area right in here had originally been  
23 filled and this asphalt had been replaced before subsidence  
24 cost. So as part of this, we want to make sure that if this  
25 particular structure is raised again because of these tracks,

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1 that they have to redo this whole structure, that you're  
2 not going to be asked again to approve subsidence costs  
3 for raising part of this. That's one of the conditions --

4 MR. BELL: Is that one of the conditions?

5 MR. THOMPSON: That is one of the conditions and  
6 that's included in the letter of agreement between the  
7 City Attorney's Office and the Attorney General's Office.

8 MR. ACKERMAN: Does this establish a precedent  
9 for other situations like this where the city may want  
10 to add improvements on top of subsidence and then come back  
11 to us?

12 MR. THOMPSON: Unfortunately, most negotiated things,  
13 both parties more or less maintain their same posture  
14 and we try to negotiate ours and in between somewhere. They  
15 have their viewpoint and we still have our viewpoint. I  
16 don't think it sets precedent for either side.

17 MR. BELL: Where they do have a right to the  
18 State's payment, but we didn't want to have to pay it twice.  
19 I would assume though that the one precedent we are setting  
20 is that we're not going to be paying for anything twice by  
21 this agreement.

22 MR. THOMPSON: For example, they had asked for  
23 putting in guardrails all along this whole section and moving  
24 various lights and things like that. So it was just part  
25 of the negotiations.

1 CHAIRPERSON CORY: You did not approve that?

2 MR. THOMPSON: Yes, that's part of it.

3 MR. BELL: Yes, we did not approve it?

4 MR. THOMPSON: We did not approve the extra amount  
5 of lighting and guardrails they've requested. That's been  
6 reduced. I think we're back where we were. We'll just  
7 have to argue each one out.

8 This line right here actually shows what the  
9 elevation of this pier was before subsidence. So this is  
10 the amount of actual fill material in here that we're actually  
11 approving under this --

12 CHAIRPERSON CORY: They aren't going to put fill  
13 in there, instead they're building a bridge; is that correct?

14 MR. THOMPSON: That is the contention, that it  
15 is really not a subsidence-related project. But, again,  
16 they are really placing fill on lands that have gone down.  
17 So it's a little of each.

18 CHAIRPERSON CORY: Okay. Any questions from any-  
19 body in the audience? Members?

20 Without objection, Item 35 is approved as  
21 presented.

22 Item 36, this is just the overall subsidence?

23 EXECUTIVE OFFICER NORTHROP: Right.

24 MR. THOMPSON: This is for an annual.

25 CHAIRPERSON CORY: Are there any questions on this.

1 item?

2 Without objection, Item 36 will be approved  
3 as presented.

4 Item 37, this is the seismic monitoring. We've  
5 had no seismic activities is that correct?

6 EXECUTIVE OFFICER NORTHROP: No seismic activity  
7 and no subsidence.

8 CHAIRPERSON CORY: No subsidence.

9 MR. THOMPSON: This map over here on your left  
10 will show the amount of subsidence from May of 1965 which  
11 is before production started on the Long Beach Unit up  
12 to the last survey. The only area that's gone down in  
13 that period of time which is 15 years is this small area  
14 right in here. The Long Beach Unit boundary is right here.  
15 So, very definitely, nothing from any production in the Long  
16 Beach Unit has caused any subsidence.

17 CHAIRPERSON CORY: Where is that? I mean, if I  
18 were in the harbor, where would I be in that area?

19 MR. THOMPSON: The large bridge that goes over  
20 here is right there. That's the Desmond Bridge and that's  
21 the power plant right in there. This is the end of the  
22 channel right here. This is where the big ARCO deep channel  
23 cut in here and that's going to be located down here.

24 CHAIRPERSON CORY: Any idea what's causing that?

25 MR. THOMPSON: No.

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1 MR. BELL: That's outside --

2 MR. THOMPSON: This is completely outside.

3 MR. BELL: Our responsibility pertains only to  
4 the unit?

5 MR. THOMPSON: To any production in here.  
6 Actually this area had gone down and subsided before we  
7 started production from the unit. That's why we picked a  
8 starting date of May, 1965 because that's prior to any  
9 kind of production in the Long Beach Unit.

10 CHAIRPERSON CORY: Okay. Are there any questions  
11 from anyone in the audience? Any further questions from  
12 Commissioners?

13 MR. BELL: No.

14 CHAIRPERSON CORY: We have received the informa-  
15 tion in 37.

16 Item 38, proposed expenditure by City of Long  
17 Beach for resurfacing Marina Basin Number 3 parking lot.  
18 Anybody in the audience on this item? Questions from  
19 Commissioners?

20 Without objection, 38 will be approved as  
21 presented.

22 Item 39, request for ratification of disclaimer.  
23 What's this about?

24 MR. HIGHT: Mr. Chairman, this is a ratification  
25 of a disclaimer filed in the Hamilton Air Force Base case

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1 to exclude three parcels which were included in the  
2 complaint description.

3 CHAIRPERSON CORY: We're cleaning up our act?

4 MR. HIGHT: Correct, Mr. Chairman.

5 CHAIRPERSON CORY: Anybody in the audience on this  
6 item? Okay.

7 Without objection, Item 39 is approved as  
8 presented.

9 Item 40, authorization to file disclaimer in  
10 Placer County.

11 MR. HIGHT: This is for the Central Valley project,  
12 Mr. Chairman.

13 CHAIRPERSON CORY: Any questions from members?  
14 Anybody in the audience?

15 Without objection, Item 40 is approved as presented.

16 Item 41, Ocean Front Oil Company. This is a well  
17 that is in --

18 MR. BELL: This is a large outbreak of a very  
19 bad well.

20 CHAIRPERSON CORY: We want to authorize taking  
21 the necessary steps including litigation to remove the hazard;  
22 is that correct?

23 MR. HIGHT: That's correct, Mr. Chairman.

24 CHAIRPERSON CORY: Is there anybody in the audience  
25 on Item 41?

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1 MR. BELL: I was just going to ask if they had  
2 consulted with the Division of Oil and Gas.

3 CHAIRPERSON CORY: Come forward and identify  
4 yourself.

5 MR. MEYER: My name is Stephen Meyer and I  
6 represent Ocean Front Oil Company.

7 We'd request today either that the request  
8 be denied or, in the alternative, that it be continued  
9 until the next meeting.

10 The history of this particular well is that  
11 we have an oil lease that's price sensitive. It was  
12 entered into in 1934. Commencing in '74 when oil prices  
13 started to go up, our royalty rate went from 25 percent  
14 to anywhere from 80 percent to a hundred percent. That's  
15 the amount we pay the State. Presently that royalty rate  
16 is 200.7 percent. That is for every dollar we take in,  
17 we pay the State two.

18 We have been making payments under protest  
19 since 1974 asking for modification of this lease. Only  
20 in 1976 do we get any response from State Lands. Finally,  
21 in '79 at the behest of my law firm, we began negotiations.

22 It became apparent at that time that the State  
23 wanted the well abandoned for two reasons. One was its  
24 low production, and the other was a safety problem with  
25 the well. We don't think there's a safety problem with the

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1 well, but I think -- production isn't high. But in light of  
2 a royalty rate of 80 to 100 percent, there is not a great  
3 deal of incentive to put in new equipment.

4           Nonetheless, we think that first the request ought  
5 to be denied and our lease ought to simply be modified  
6 to give us a reasonable royalty rate. The State's interest  
7 isn't really harmed because the State's getting paid money  
8 on this well. We've consulted with engineers who find  
9 it quite odd and unusual that the State should be so concerned  
10 about this well in light of the fact that the State is  
11 getting paid. I mean, we're the ones, who, if anyone  
12 is losing money, it might be us. But the State isn't being  
13 harmed.

14           However, we did have settlement negotiations  
15 with the State Lands Commission and in July of '79 it  
16 was agreed that, with staff, that we would get 50 percent  
17 of the amount of the royalty to be paid back to us. However,  
18 in August of '79 that was withdrawn. That was rescinded  
19 by staff in an unusual move. But we continued negotiation  
20 and we finally had a meeting in January of '80 and this  
21 understanding was supposed to have been reduced to writing  
22 by the attorney at that meeting. That understanding was,  
23 according to that letter, was that we were to advise the  
24 Lands Commission when we were going to cap this well. The  
25 decision at that time was whether we cap or redrill. This

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1 well passes through private land as well as State land.  
2 So we wanted to explore the option of just capping it at  
3 the point where it enters into the tideland and re-drill  
4 in our area.

5 The confusion arose as to whether or not we were  
6 going to give notice to the State in either March 1 or  
7 April 1 of exactly what we were going to do and when  
8 we were going to do it. I advised the attorney for State  
9 Lands that that wasn't our understanding of that meeting.  
10 That we would simply apprise them of our progress. We had  
11 retained a consultant.

12 My clients then contacted, it's my understanding,  
13 contacted Mr. Everitts in late March or early April and  
14 advised him that he still had not gotten his report back  
15 from the consultant that he had retained and he was advised  
16 to retain Mr. James Shephard as a consultant in this matter.  
17 Mr. Shephard was retained and Mr. Shephard is preparing  
18 a report. Mr. Shephard's report will be out week after  
19 next. From that report it will be determined whether we'll  
20 re-drill or whether we will cap. That's why I'd like to  
21 continue it, because we'll get that report week after next  
22 and I think we can continue discussions with State Lands  
23 staff.

24 So I ask you either that the request simply be  
25 denied or that it be continued. I do think that if we go

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1 into litigation, it's not really in the interest of the  
2 State. This will be protracted and go on for some time.  
3 We're only talking about a total sum of, total amount of  
4 money paid in since '74 of \$48,000 or something approxi-  
5 mately in that area. It is a great expense to the State  
6 as well as to my client to go into litigation and I think  
7 will result in probably the same settlement anyway.

8 Thank you.

9 CHAIRPERSON CORY: Staff.

10 MR. HIGHT: Yes, Mr. Chairman. The reason that  
11 we're at this point at this time is we thought we had an  
12 agreement in January and there was a misunderstanding. The  
13 misunderstanding has not led to any productive negotiations  
14 or progress and that's why we hoped to bring the thing to  
15 a head. I think that we would be agreeable to working with  
16 the Applicant during the next month and, hopefully,  
17 coming out with an agreement that both parties can live  
18 with.

19 MR. EVERITTS: Just as a matter of interest, the  
20 reason --

21 CHAIRPERSON CORY: Where are we on the question  
22 of safety? There seems to be a unanimous question here.  
23 We have a safety report from the Division of Oil and Gas.

24 MR. EVERITTS: The way this started was there  
25 is an injection well, water injection well nearby the well.

1 The well is capable of sustaining water flow and whatever  
2 oil might be produced if, in fact, the well head were to  
3 burst under injection pressures. As a matter of fact,  
4 that's ~~see~~ our basic concern. They may not be a danger  
5 to life, but clearly a danger to property and to quality  
6 of the water.

7 CHAIRPERSON CORY: The question is, is the  
8 Division of Oil and Gas, as I understand it, is supposed  
9 to do oil well safety work, have they been involved in  
10 this?

11 MR. EVERITTS: The Division of Oil and Gas  
12 issued a notice approximately two years from this coming  
13 November requesting them to abandon the well. They gave  
14 them two years to abandon the well.

15 MR. MEYER: They gave us two years to abandon  
16 or fix it. We're still not in violation of the D.O.G. order.

17 MR. BELL: They have the next move.

18 MR. MEYER: And you can understand why we might  
19 not equip this with whatever it is that D.O.G. is requesting  
20 as much as at the same time State Lands is seeking to shut  
21 us down and we're paying a royalty rate that simply  
22 has no basis in reason. There's no economic basis.

23 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, if  
24 I may, I think we should lay something else on the table  
25 here. That is the fact other wells in the area went into a

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1 unit. We agreed at the time we put that unit together  
2 to adjust the royalty rate to make it economic to produce.  
3 This operator chose not to go into the royalty, but rather  
4 to go it alone.

5 CHAIRPERSON CORY: Not to go into the unit.

6 EXECUTIVE OFFICER NORTHROP: Rather than to go  
7 into the unit, correct.

8 So I think it's well that we understand that  
9 as we go into it. Perhaps this operator under the free  
10 enterprise system is allowed to exercise his own judgment.  
11 So that's where we are on this well. I think it's important  
12 that be pointed out.

13 CHAIRPERSON CORY: Bob, your recommendation, I  
14 am unclear with what you want to do at this point. You're  
15 saying wait another month because he's got a report coming  
16 out in two weeks? Are you wanting to wait?

17 MR. HIGHT: I would think that at this point  
18 another month will not place us in jeopardy and that we can  
19 go another month and negotiate.

20 CHAIRPERSON CORY: Any questions from the  
21 Commissioners?

22 MR. ACKERMAN: Why don't we put it over, 30-day  
23 continuance.

24 MR. BELL: Thirty-day, next month's calendar.

25 CHAIRPERSON CORY: Put it on for next month's

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1 calendar.

2 MR. MEYER: Thank you.

3 MR. HIGHT: Our concern in the area, the major  
4 concern is the safety element, and I think that given a  
5 month's time we can work that out.

6 CHAIRPERSON CORY: May I ask one question before  
7 you leave, just for my own information. You made a  
8 statement that someone had requested that you hire a  
9 specific --

10 MR. MEYER: My client talked to Mr. Everitts  
11 and my client had said he'd not gotten a report back from  
12 the consultant he had retained and it was recommended  
13 by, I believe, Mr. Everitts. This is all hearsay. This  
14 is what my client tells me. That he should retain  
15 Mr. Shephard. Mr. Shephard is well regarded in the Long  
16 Beach area and a well-known person.

17 CHAIRPERSON CORY: That's just somebody who is  
18 knowledgeable with the field --

19 MR. EVERITTS: He's the ex-vice president of  
20 Signal Oil and Gas Company and an engineer. He works  
21 with one of the legal consulting firms. I suggested to  
22 call him and he might be able to help.

23 MR. MEYER: We talked to Mr. Shephard and hired  
24 Mr. Shephard. I talked to Mr. Shephard and Mr. Shephard  
25 said the reason this hadn't gotten out any quicker was

1 the man who was supposed to be working on this went on  
2 vacation for a while and things just didn't move along.  
3 We also hope to use Mr. Shephard in discussions with  
4 local State Lands people in Long Beach. I think we can  
5 make more progress that way as well.

6 MR. ACKERMAN: The question of safety should  
7 also be addressed at the next meeting as well, I imagine.  
8 Would it be appropriate to have contact or some response  
9 from the Division of Oil and Gas as to their input into  
10 whether or not the safety requirements are being met  
11 or their edict is being complied with?

12 CHAIRPERSON CORY: As I understand it, -- and  
13 maybe I misunderstood -- but I was under the impression  
14 that D.O.G. said you've got until November of '80 to  
15 correct and nobody is contending that anything has been  
16 done even partially because you're waiting for the report  
17 so you can make your business determination, your  
18 client can make his business determination as to what  
19 solution he wishes to follow; is that where we are?

20 MR. MEYER: Right.

21 MR. EVERITTS: I think it's important to know  
22 that the regulations that the Commission just approved  
23 last month or the month before, they're in violation of  
24 those specific regulations, State Lands Commission safety  
25 regulations also and, in fact, the previous ones.

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1 CHAIRPERSON CORY: You should have for next  
2 month a detailed report of what D.O.G. found and how the  
3 proposed consultant's report or what the options are that  
4 you get out of it so we can get that in the file rather  
5 quickly.

6 MR. MEYER: Thank you.

7 CHAIRPERSON CORY: Without objection, that will  
8 be put over until the next meeting.

9 Item 42, this is authorization for the Lands  
10 staff and/or the Attorney General to protect the rights  
11 of public access to the Russian River near Guerneville in  
12 the case of Notter vs. County of Sonoma.

13 Is there anybody in the audience on this item?  
14 Any questions from Commissioners?

15 MR. ACKERMAN: None.

16 CHAIRPERSON CORY: Without objection, Item 42  
17 will be approved as presented.

18 Item 43, retrocession of jurisdiction, approval  
19 of holding public hearings with respect to Los Padres  
20 National Forest and the Hunter-Leggett Military Reservation  
21 in Monterey County.

22 Is there anybody in the audience on this item?  
23 Questions from Commissioners?

24 Without objection, Item 43 will be approved as  
25 presented.

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1 Item 44, cession of jurisdiction, approval  
2 of holding public hearings relative to concurrent  
3 criminal jurisdiction at Moffett in Santa Clara County.

4 Anybody in the audience on this item?

5 Any questions from Commissioners?

6 Without objection, Item 44 will be approved  
7 as presented.

8 Item 45, request to augment and amend the  
9 contract with Peat, Marwick and Mitchell relating to the  
10 hotel convention center in Long Beach for an additional  
11 \$2,000.

12 Anybody in the audience on this item? Any  
13 questions from Commissioners?

14 MR. BELL: This will complete it?

15 EXECUTIVE OFFICER NORTHROP: This should complete  
16 it, yes, Mr. Chairman.

17 CHAIRPERSON CORY: I want you to know we can  
18 only believe half of what you say at this point.

19 Item 45 will be approved as presented.

20 Item 46, authorization to solicit bids and  
21 award a Helicopter Services Contract for the '80-81 fiscal year  
22 at a cost not to exceed \$15,000. This is for monitoring  
23 the offshore, particularly the offshore work; is that  
24 correct?

25 EXECUTIVE OFFICER NORTHROP: That's correct,



1 Mr. Chairman.

2 CHAIRPERSON CORY: Okay. Is there anybody  
3 in the audience on this item?

4 Without objection from Commissioners, --

5 MR. BELL: No.

6 CHAIRPERSON CORY: -- 46 will be approved as  
7 presented.

8 Item 47, Atlas Blueprint Company, approval  
9 to enter into a contract with the low bidder of \$30,210  
10 for the reproduction services for the Sacramento office.

11 Is there any --

12 MR. BELL: This, again, is for the '80-81 budget?

13 CHAIRPERSON CORY: Yes, '80-81.

14 EXECUTIVE OFFICER NORTHROP: That's correct.

15 MR. BELL: No objection.

16 CHAIRPERSON CORY: Yes, '80-81, the yet-to-be-  
17 approved budget.

18 Anybody in the audience on this item?

19 MR. ACKERMAN: I just hope they don't do any  
20 blueprinting after July 1st.

21 CHAIRPERSON CORY: Only if they have a budget.

22 MR. BELL: There will be no problem with paying.

23 CHAIRPERSON CORY: You going to pay them? That's  
24 nice of you, Roy.

25 (Laughter.)

1 CHAIRPERSON CORY: Without objection, Item 47  
2 is approved as presented.

3 Item 48, authorization to enter into two  
4 interagency agreements with California Department of  
5 Forestry related to transfer of funds from the Forestry  
6 Improvement Fund and to fund two Forester positions on  
7 the Commission's staff. Is that correct?

8 Any questions from Commissioners?

9 MR. BELL: Just whether that slide show we  
10 saw last month had any connection with this item.

11 MR. ACKERMAN: I think it's coincidental.

12 MR. BELL: I think it was purely coincidental.

13 CHAIRPERSON CORY: Your tree-planting project,  
14 is that related to this?

15 EXECUTIVE OFFICER NORTHROP: Yes. This is a  
16 demo project in which I believe the Department of Forestry  
17 now wants to get into the act and do their own number  
18 because they see how well we did. So they're going to  
19 do demonstration plots.

20 MR. BELL: They're paying for it.

21 MR. ACKERMAN: It's a good project.

22 CHAIRPERSON CORY: Anybody in the audience on  
23 this item?

24 Without objection, Item 48 will be approved  
25 as presented.

1           "Item 49, compromise title settlement with  
2 Pickleweed & Associates.

3           MR. BELL: Isn't that beautiful.

4           CHAIRPERSON CORY: Love it.

5           This is, what, three thousand square feet or  
6 three thousand dollars --

7           EXECUTIVE OFFICER NORTHROP: Three thousand square  
8 feet of mistake that's being rectified.

9           CHAIRPERSON CORY: And it's worth a dollar a  
10 square foot, then? I see \$3,000 in here, or is that a  
11 typo?

12           EXECUTIVE OFFICER NORTHROP: Well, it's really  
13 not exactly \$3,000. It was 8300 square feet, we thought  
14 it was, and when we measured it out it was only 5400 square  
15 feet. So it's approximately 3,000 square feet.

16           CHAIRPERSON CORY: Is there anybody in the  
17 audience on this item?

18           That's disappointing. I've always wanted to meet  
19 somebody from Pickleweed.

20           MR. BELL: I have.

21           CHAIRPERSON CORY: Without objection, Item 49  
22 is approved as presented.

23           Okay. Do you have a litigation item?

24           MR. STEVENS: Thank you.

25           The first, of course, is the boundary between

1 California and Nevada has finally been determined. The  
2 Nevada Surveyor General reported it has been determined  
3 in 1874 in his report, but it took us a while to get around  
4 to nailing it down. The Supreme Court has ruled that the  
5 long acquiesced boundary is the boundary and all that remains  
6 is for us to join the oblique and hundred and twentieth  
7 lines between Lake Tahoe which we are having meetings  
8 about and I anticipate no trouble with. We're particularly  
9 grateful to Mr. Uzes and his unit for some very superior  
10 work that they did in preparing exhibits and getting things  
11 together on that. I think they did a tremendous job and  
12 we finally have some certainty.

13 The Court declined to rule on the validity of the  
14 patents which Nevada had given within the State of California  
15 and, therefore, we're going to have to pursue this matter  
16 with the Bureau of Land Management. It may be necessary  
17 to secure Federal legislation. The Bureau and the Department  
18 may be willing to disclaim their interests in various  
19 parcels of this land. But in essence, we're on our own  
20 in that respect.

21 The second matter relates to public lands generally.  
22 Inasmuch as Mr. Northrop is now a United States colonel,  
23 I believe he has a conflict of interest that requires he  
24 be disqualified from consideration here.

25 EXECUTIVE OFFICER NORTHROP: Not you, too.

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1 (Laughter.)

2 MR. STEVENS: There will be litigation filed  
3 by the State of Nevada next month or shortly thereafter  
4 seeking to clarify the general relationship of the State  
5 and the Federal Government with respect to the public  
6 lands in California and all the western states. Nevada  
7 will be essentially asking the Court to declare that when  
8 the nature or magnitude of public land ownership is so great  
9 as to impair essential State functions, that there is a  
10 constitutional dislocation and there is a remedy available  
11 in the Federal District Courts. They'll be asking for  
12 a general ruling in this respect.

13 CHAIRPERSON CORY: Where is that? Has that  
14 already been filed?

15 MR. STEVENS: They're planning to file it this  
16 summer. Essentially draft pleadings have been prepared  
17 and it will be filed in the U.S. Supreme Court. They'll  
18 be asking the Supreme Court to clarify once and for all the  
19 relationship of the states and the United States with  
20 respect to public lands.

21 CHAIRPERSON CORY: It's original jurisdiction to  
22 the Supreme Court.

23 MR. STEVENS: It is original jurisdiction. The  
24 primary job that Nevada will have to begin with and other  
25 western states will be to persuade the Supreme Court to

1 keep the case because it is conceivable that the Supreme  
2 Court could either reject the case out of hand or send it  
3 back to a lower court. The jurisdiction is concurrent,  
4 not exclusive.

5 Nevada has asked the other western states to  
6 join in a brief supporting this threshold question. In  
7 other words, arguing that the matter is sufficiently  
8 important, of sufficient concern to all the western states,  
9 that the Supreme Court should retain jurisdiction and should  
10 take the case. We expect a majority of those states to  
11 join in on this. Since the Commission has the primary  
12 responsibility in this area among the State agencies, we're  
13 bringing it to you to ask for your guidance and preferences  
14 with respect --

15 CHAIRPERSON CORY: What's your recommendation?

16 MR. STEVENS: Basically we believe that it would  
17 be valuable to have the Supreme Court keep this case and  
18 to make some rulings.

19 We need clarification in a number of these areas.  
20 Our statutory rights with respect to indemnity selections,  
21 as you know, has been a continuous problem, and there are  
22 cases in which we believe the ownership and retention of  
23 unappropriated, unreserved lands -- we're not talking about  
24 national forests, we're not talking about national parks  
25 or military reservations -- but these unappropriated lands

1 have caused severe problems. We believe that retention  
2 of this case by the Court is going to help clear up a lot  
3 of things and perhaps provide impetus to solutions at  
4 the administrative and legislative levels as well.

5 CHAIRPERSON CORY: So you think it's wise that  
6 we put the oar in the water?

7 MR. BELL: What do we do, amicus curiae, or whatever  
8 you lawyers call that thing?

9 MR. STEVENS: That essentially is what the  
10 subcommittee and Attorney General is planning. I believe  
11 that there will be a number of such states from Alaska  
12 to New Mexico.

13 CHAIRPERSON CORY: Can you handle this under your  
14 new restricted budget, '80-81 year?

15 MR. BELL: I believe the Conference Committee  
16 hasn't dealt with that item yet.

17 MR. STEVENS: That's right. There are a number  
18 of economic intangibles, but the preference of this  
19 Commission would have a very heavy bearing on what ultimately  
20 is done.

21 CHAIRPERSON CORY: Bob, do you have any comments  
22 on this subject? Is that why you're here?

23 ASSEMBLYMAN HAYES: More on curiosity. Of course,  
24 as you know, I am slightly interested in this subject. Our  
25 bill is in Senate Finance and the Governor has given me a

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1 commitment to sign it this time.

2 MR. ACKERMAN: It has the \$25,000 in it?

3 ASSEMBLYMAN HAYES: Twenty-five thousand, yes.

4 CHAIRPERSON CORY: It would seem to me that the  
5 issues are well worth getting the Court to resolve and  
6 we can get it done in a quicker fashion if we get them to  
7 take it and get an extension rather than take it all the  
8 way up and it would be cheaper. So I'm sort of inclined to  
9 get it resolved.

10 MR. ACKERMAN: Jan, do we, in procedures, do we  
11 join with other states in filing an amicus brief or do we  
12 file it on our own? How does that work?

13 MR. STEVENS: We could join with other states of  
14 which there will probably be about seven filing such  
15 joint brief. I believe that we could get our oars  
16 sufficiently into such a brief. So that not only could we  
17 share the cost of such litigation, but we wouldn't have the  
18 problems of our directly filing a suit or joining a suit by  
19 which we'd be bound such as Nevada.

20 MR. BELL; We wouldn't be bound.

21 CHAIRPERSON CORY: There are some policies in  
22 other states with the way they administer property that  
23 I do not personally want to be necessarily associated  
24 with and that's why I think it's important that we have  
25 an independent posture. I think we do a fairly credible  
26 job for both sides including the environmentalists here in



1 California that I don't want to, by this action, be blessing  
 2 what some other state may be doing, may be something I  
 3 don't personally approve in. So, doing the amicus thing  
 4 I would hope is, Counselor, you keep that in mind that  
 5 we are an independent, sovereign state and if somebody else  
 6 somewhere in another state is not doing right by the  
 7 environment, that we don't get tarred with that same paint  
 8 brush. But I think we ought to be involved in the law suit  
 9 on the amicus level.

10 MR. BELL: I don't think we get in danger --

11 CHAIRPERSON CORY: I don't either. That's why --

12 MR. ACKERMAN: File with other states.

13 CHAIRPERSON CORY: Yes. I mean, if we have you  
 14 dealing with the issue, as long as you keep that in mind  
 15 and bring us a point if there is a problem because at least  
 16 the arguments that I read about on that subject do not  
 17 factually apply to the administration of State lands in  
 18 California. I cannot speak and don't have the time or the inclin-  
 19 ation to monitor how other states are doing, but I just want  
 20 to make sure that we defend what we're doing.

21 MR. STEVENS: Our initial position would be  
 22 restricted to urging the Court to accept these  
 23 important questions and not to endorse the New Mexico range  
 24 policies, for instance.

25 CHAIRPERSON CORY: Without objection, you have

1 that authorization.

2 MR. STEVENS: Thank you.

3 CHAIRPERSON CORY: Is there any other business  
4 to come before the Commission?

5 MR. BELL: Not yet.

6 CHAIRPERSON CORY: Well, in the generic sense,  
7 I would just like to say that it's a pleasure working with  
8 this august body and I do look forward to the next meeting  
9 seeing all the members who are here back to discuss the  
10 important business of the State. If that's not the case,  
11 we will send the Sergeant at Arms of this body to seek  
12 any absent members to compel their attendance here.

13 MR. BELL: I would include that to be both either  
14 in mind or in spirit.

15 CHAIRPERSON CORY: No. I want the body.

16 (Laughter.)

17 CHAIRPERSON CORY: I want to see the evidence of  
18 what time can prevail this building has caused upon your  
19 body, Roy Bell.

20 But anyway, I appreciate you being here at this  
21 meeting and other meetings and hope you are here at many  
22 more meetings in the future even though you probably have better  
23 things to do with your time.

24 MR. BELL: I appreciate your comments.

25 CHAIRPERSON CORY: If there's nothing else to

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1 come before us, we stand adjourned in memory of the crooked  
2 colonel.

3 (Laughter.)

4 (Thereupon this meeting of the State  
5 Lands Commission was adjourned  
6 at 11:00 a.m.)

7 --oOb--


CERTIFICATE OF SHORTHAND REPORTER

1  
2  
3 I, CATHLEEN SLOCUM, a Certified Shorthand Reporter  
4 of the State of California, do hereby certify:

5 That I am a disinterested person herein; that the  
6 foregoing State Lands Commission meeting was reported in  
7 shorthand by me, Cathleen Slocum, and thereafter  
8 transcribed into typewriting.

9 I further certify that I am not of counsel or  
10 attorney for any of the parties to said hearing, nor  
11 in any way interested in the outcome of said hearing.

12 IN WITNESS WHEREOF, I have hereunto set my  
13 hand this 11<sup>th</sup> day of July, 1980.

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